



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

February 19, 2004

The Honorable Edward J. Markey
U.S. House of Representatives
Washington, DC 20515-2107

Ed:
Dear Congressman Markey:

Thank you for your letter of November 7 concerning the Distrigas Liquid Natural Gas (LNG) facility, and the potential impact an unintentional release of LNG at this facility would have on the safety of the citizens of Everett and Boston, Massachusetts. Enclosed are responses to the specific questions posed in your letter.

We at the U.S. Department of Transportation (DOT) share your position that safety is the utmost priority. DOT's Research and Special Programs Administration (RSPA), Office of Pipeline Safety (OPS) is responsible for the pipeline safety regulation of LNG storage facilities. Protecting our Nation's energy infrastructure is a responsibility we share with the Departments of Homeland Security and Energy, as well as Federal, State, and local law enforcement agencies.

RSPA's OPS has reviewed our October 26, 2001, response to you on this issue. Respectfully, we reaffirm our position in the areas for which you had noted concern. At that time, we applied decision-making models and tools available to us that were specific to this facility. RSPA's OPS, the U.S. Coast Guard, the Federal Energy Regulatory Commission and the Department of Energy agreed that our decisions would allow the continued safe and secure operation of this facility, considering the need for heightened security plans and procedures.

DOT is receptive to considering any new hazard assessment perspective, model or tool, supported by valid assumptions and documentation. We have requested, but not yet received, the National Oceanic and Atmospheric Administration study and will certainly review and consider their concerns. In a recent meeting with the Federal Energy Regulatory Commission and the U.S. Coast Guard, we discussed integrating agency resources to review hazard assessment models and credible damage scenarios.

Your questions regarding the safety, authority and oversight of marine transportation of LNG should be addressed to the U.S. Coast Guard, which is now part of the Department of Homeland Security.

Thank you once again for your letter. If I can provide further information or assistance, please feel free to call me.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'N. Mineta', written in a cursive style.

Norman Y. Mineta

Enclosure

U.S. Department of Transportation
Reply to Congressman Markey's Letter Dated November 7, 2003

Question 1: Is it the Department's understanding that the Quest Study was performed for the Department of Energy? If not, why did you tell me so in your letter of October 26, 2001. If so, what is your understanding of the origins and purpose of this study?

Answer: The Department of Transportation (DOT) and the Department of Energy (DOE) jointly agreed to and requested the Quest study. The study was commissioned by the DOE. It was delivered to the DOE, who then forwarded it to the U. S. Coast Guard (USCG) and the Research and Special Programs Administration's Office of Pipeline Safety. It was also sent to other agencies, to include the Federal Energy Regulatory Commission (FERC), for their review and consideration. The purpose of the study was to assess the hazards of credible "worst case" dispersion and fire scenarios following large releases of gas from a land-based LNG storage tank or a ship-borne LNG storage tank.

Question 2: Has the Department made use of the Quest Study in connection with responsibilities to ensure safety of LNG facilities and the transportation of LNG to such facilities? If so, please explain exactly how the study has been used.

Answer: Yes, the Department did use the Quest study, and other information, to ensure the safety and security of the Distrigas LNG facility. The Department used the Quest study as a hazard assessment model that was applied specifically to the Distrigas facility. The results were used to justify enhanced security procedures for vessels transporting LNG and the onshore LNG storage tanks.

Question 3: Did the Department base any regulatory, oversight, or enforcement actions or decisions on the accident scenarios or accident consequences set forth in the Quest report or the Lloyd's report? If so, does the Department intend to revisit any of those actions or decisions or impose any new security and safety requirements on the facility operator or upon LNG tankers entering Boston Harbor? If not, what other studies or analyses did the Department base its post-September 11th actions or decisions upon?

Answer: After 9/11, the Department utilized all applicable information, including relevant hazard assessment models, to significantly enhance security procedures at this facility, with particular emphasis to the travel and docking of any LNG marine vessel. DOT continues to be receptive to considering any new hazard assessment perspective, model or tool, supported by valid assumptions and documentation. The Department does intend to reevaluate the hazards presented by the land-based storage facility. The USCG, now part of the Department of Homeland Security, has oversight and enforcement authority for marine vessels and unloading operations.

With regards to existing LNG facilities, the Department's regulatory authority is very limited in the area of siting impact due to any model prediction. However, the Department has extensive authority in maintaining safe facility operations. In fact, the Department took significant enforcement action against the Distrigas operators on June 17, 2002, for security and

safety violations. The security of LNG facilities involves operator plans and procedures that address post-9/11 initiatives that our Department initiated in cooperation with the Department of Homeland Security.

Question 4: *The aforementioned press accounts raised serious questions about the adequacy of the Quest study, indicating that it has not been peer reviewed and is contradicted by other scientific studies of LNG fires and explosions. Are you familiar with these concerns that have been raised about this study, and if so, do you believe that it should not be as a basis for policy decisions with respect to LNG safety?*

Answer: Yes, the Department is familiar with the general concerns expressed in press accounts related to the Quest study. The Department in partnership with the FERC and the USCG is evaluating the Quest study, along with other scientific studies. Until we have the opportunity to review all pertinent studies, we cannot comment on the broad use of the Quest study.

However, we reviewed the Quest Study as part on an inter-agency effort during October 2001, and found that it used reasonable assumptions. The results were within the range of probable fires from an LNG spill on water when compared to previous efforts in modeling instantaneous LNG spills on water.

Question 5: *The aforementioned press reports also indicate that a draft NOAA study projects hypothetical LNG fires that are much larger than those projected in either the Quest or Lloyd's reports. According to the Herald, "NOAA's study...generally sides with a more devastating scenario long portrayed by Massachusetts Institute of Technology emeritus James Fay, said Bill Leher, a researcher on the NOAA study." The Register article further suggests that the NOAA study may be more in line with other scientific studies that have been done on this subject. Are you familiar with the NOAA study? Do you agree or disagree with its conclusions? Do you agree or disagree that the NOAA study, and the Fay studies, appear to be more in line with the scientific and technical literature on this subject? If you agree, please indicate whether you intend to make any changes in the Department's oversight or regulatory policies or actions based on this new study. If you disagree, please explain the basis for your disagreement.*

Answer: The Department in partnership with the FERC and USCG is evaluating the NOAA study. Therefore, we have no basis with which to agree or disagree with the NOAA study.

The Department is receptive to considering any new hazard assessment study, perspective, model, or tool that is supported by valid assumptions and documentation. We plan to evaluate the NOAA study, along with any peer reviews of the Quest or NOAA studies, and apply any appropriate actions to ensure LNG safety. In a recent meeting with the FERC and the USCG, we discussed integrating agency resources to review hazard assessment models and credible damage scenarios.